App. F. IX-4

Previous References 1938-9 (F.)

File No. 863-38

Serial Nos. 1/12

Letter References

~~F.F.352-40(1-2)~~

C.F. Dep. no. 150/43-44

Burma U.M.S.

p. 12 (E)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Two

Part B for June 1939

SUBJECT.

Cash checking by Local Mil. Department Staff-

~~in the Comptroller's Office.~~

To the Comptroller G.P.

p(2)

WD 6695—GPB—22,500—12-37

N. 38201 & 29-6-39.

Agrees to views of Labour Staff. The amendments to the Fund Codes may be issued by him.

W.A.R.K. 4/7/39

Cash Checking by L.A.D. Staff.

General and Revenue Secretariat | (G.) File No. 362 of 1938. | [App. F. III—2

Serial No. 1

No. 830. L.A.D. 4 19.5.39 from the Comptr requests orders be amending the Civil Acct Code & Municipal Acct Manual so as to provide for authority to the L.A.D. Staff to Check Cash in the institutions inspected.

1 "The audit is not on behalf of the Head of the Dept or anybody, and if one goes as the representative of the local audit officer, - "Govt Auditor", he is entitled to verify balances, I think. The position assumed that Checking can be done only by officers of superior status, though both in the Deptt itself, cannot be held applicable to Audit Dept as very often officers of higher status have to submit themselves to audit checks at the hands of junior Audit officers".

D.O. No. R.

2 As stated by the Comptr, the positions taken up by 1. the Chief officer, 2. the President & 3.) above all, the Deputy Commr, is rather absurd. There can be no audit or check as such, without initial counting of Cash. It is only the Central Audit that does not concern itself with Cash. Local Audit

NOTE—Contn. Sheet.

WD 0544—GPB—30,000—2-9-38

2 Cash Checking by L.A.D Staff

G.F File No. 4995 of 193 . | General and Revenue Secretariat

on the other hand is a 'spot Check' and Counting of Cash balance is the first & essential stage thereof. The L. A. D Staff goes for inspection only after previous advice to the officer or institution Concerned. Nothing more is needed and Audit can call for any information.

3 In the Railways, there is a clear direction to the I.F.A to count Cash. Likewise, a provision is desirable in the Civil Accd Codes and all Local Board Manuals. The existing provisions embrace Cash Check also, but an opposition, though ill-grounded, from one office would probably be a Cue for other offices. It is therefore desirable to accept Comptlr's suggestions after Consulting L.S.G.B.

29/6/39 MM

~~Please put up a draft~~

4 The Auditor – though not a Gazetted Officer – has ~~the~~ independent status and responsibility under the rules and when the L.A.D visits any office after due intimation of the date of the visit it is the duty of the Heads of the offices concerned to issue all necessary instructions for provision of every facility including the production of the relevant registers etc.

The Comptroller's ~~proposal~~ Suggestion may be approved

Dewan

5/6/39

may be approved

13.6.39

OFFICE OF THE SECOND MEMBER OF FINANCE
14 JUNE 1939
No A 2099

7 MM 6.39
14.6.39
64

Cash Checking by Local Staff 3

General and Revenue Secretariat

File No. 11295 of 193 . [App. F. III—2

Serial No.

GA. Internal

OFFICE OF THE FIRST MEMBER OF COUNCIL
JUN 20 1939
No. 10014

GEN. & REV. SECTT.

8 A draft is put up. May perhaps be sent to the 1st Member & other Secretaries also, if approved.

8/6.

Further)
(1st Mbr)

2 Re 8201 of 29.6.39 to the Comptroller agrees in the main & states that amendments to the several codes may be issued by them. Copy to C.S.G. Br & Copies to Secretaries to Govt.

B 3/7/6

NOTE—Contn. Sheet.

WD 0544—GPB—30,000—2-9-38

C.2 363-38-1

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. 830/ I.A.D. Enc 3

Bangalore, Dated 15th May *1939.*

19 MAY

From

M. VIRARAJA URS, Esqr., B.A., B.L.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

GEN. & REV. SECT. 22 MAY 1939 4295 FINANCIAL BRANCH

To

A.N.Raghavachar, Esq, M.A.,
Financial Secretary to Government of Mysore,
Bangalore.

Sir,

I have the honour to state that the first duty of an auditor before he commences the audit of any institution is to check the cash balance of that institution. When the auditors of the Local Audit Department of this office desired to examine the cash balance of the Chickballapur Town Municipality in October 1938, both the Chief Officer and the President didm not produce cash for check as per time-honoured practice till now unchallenged. The matter was reported to the Deputy Commssioner and a copy of his reply with the explanation of the Chief Officer and the President is enclosed for the information of Government

Apart from other reasons (which speak for themselves) one reason assigned by the Chief Officer for not producing cash is that there is no provision either in the Municipal Regulation or in the Municipal Account Manual that cash should be produced for check by the auditors of the Account Department. The President states that no authority was shown by the auditor for the check of cash and the matter ended there.

The Deputy Commissioner who has forwarded the explanations while agreeing with the President states that the permission of the presiding officer should be taken before cash is checked. The Deputy Commissioner and the President have in the past occupied several important and responsible positions as heads of offices and institutions subject to local audit and in that capacity must have, on several occasions produced cash for check by auditors. If, However, they felt any doubt in that matter. then. I feel that the proper course should

should have been to produce cash according to the time-honoured custom and make a reference to Government, if considered necessary, to make the position clear. This was not done, but a long established account procedure was infringed, and I may state that this is the first instance in which audit has met with opposition re: check of cash balance.

It has already been stated that check of cash balance is the first duty of an auditor before he commences an audit. The importance of checking cash balance during audit is very great and it perhaps needs no special argument to prove its necessity.

In all the Local Fund Manuals of British India, there is specific provision that cash should be checked by auditors to see if the cash balance on hand agrees with the balance as shown in the cash book, (vide Bombay L.F.Manual. Pages 62 and 189) (vide Madras (Volv) " 54 and 113) but no such provision exists in our Local Fund Account Manuals such as the Municipal Account Manual, The District Board Account Manual, and the Local Audit and Inspection Manual. The chief authority for the guidance of muhicipalities and District Boards in account and cash matters being the Municipal and District Board Account Manuals, it is very desirable and necessary that specific provision should be made in these manuals for the verification of cash balances by actual examination and counting of cash. To avoid similar opposition by Heads of Government Offices also subject to local outside audit, similar provision is necessary in the Mysore Account Code Vol.I which applies to all Government offices.

I request that orders of Government may kindly be communicated in the matter.

I have the honour to be,
Sir,
Your most obedient Servant,

M. Vinayaga Iyer
Comptroller

SMK.

Explanation of the Chief Officer, Chickballapur Town Municipality, dated 13th November 1938.

The Auditor Mr. K.Subramhanyam from the Comptroller's Office wanted to verify the cash balance in my custody. As I felt some doubts about the propriety of his checking the cash balance since he was not a Gazetted Officer, I told him that I would seek the orders of the President, my immedite superior in camp in the matter of production of cash. The Auditor left the place after remarking in the Petty Cash Book and Imprest Register - Records of the Municipal Office - that the cash was not produced. No rule was shown to me as to the auditor's powers to check the cash balance. He only referred to the precedent as cash was produced on -- previous occasions. He returned two or three days later, and in obedience to the President's instructions to me, he was asked to see the President. The auditor left Chickballapur without any further reference to me. My doubts were due to the following reasons:-

i) The Municipal Regulation does not empower the auditor to verify the cash balance. I feel the actual counting and verification of cash in my custody is a matter of administrative control, and beyond the scope of the auditor's functions in as much as under section 184(2) of the Municipal Regulation the auditor can have access only to all the accounts and other records of the Municipal Council and not for cash.

ii) I feel that verification of cash in my custody may be done only by an Officer, superior to me in rank and status.

COPY.

SMK.

K.Sreenivasmurthy
Assistant Commissioner

Copy of the letter No.A.5.C.1485/38-39 dated the 22nd November 1938 from the Deputy Commisioner Kolar District, to the Comptroller to the Government of Mysore, Bangalore.

With reference to your letter No.281/L.A.D. dated 27th October 1938, regarding the non-production of cash by the Chief Officer of Chickballapur Municipality during the course of Audit of the accounts of the Municipality by your Auditor and requesting me to instruct the President of the Municipality to arrange for the production of cash before the Auditors who would be going there again for the purpose etc., I have the honour to enclose for your information copies of the explanation of the Chief Officer and the report No. H.C.47/38-39 dated 13th November 1938 from the President of the Municipality and to state that I am in entire agreement with the remarks of the President. The Auditor should have taken permission of the Gazetted Officer in charge of the Office before he asked the the Chief Officer concerned to show the cash to him. In the circumstances the matter may be dropped. Even now there will be no difficulty for Auditors to check the cash in any office in this District with the permission of the presiding Officer concerned and they may be instructed accordingly.

C O P Y .

SMK.

Assistant

Letter No.H.O. 47/38-39 dated 13th November 1938 from the President, Municipal Council, Chickballapur, to the Deputy Commissioner, Kolar District, Kolar.

With reference to your memo No. A.5.C.1485/38-39 dated 3rd November 1938, forwarding a copy of the letter No. 281/L.A.D dated 27-10-38 from the Comptroller to Government of Mysore in the matter of non-production of cash when the auditor checked the Municipal accounts of Chickballapur Town Municipality and calling for the explanation of the official concerned together with the remarks thereon, I have the honour to enclose the explanation of the Chief Officer, who did not produce the cash before the auditor on certain grounds which he states in his explanation. I think that the Chief Officer has rightly felt the doubts regarding the powers of the auditor to check the cash as there is no provision in the Municipal Regulation for the production of cash before the auditor who can only have access to all Municipal Accounts and records under Section 184(2) of the Mysore Town Municipal Regulation of 1933. I senf for the auditor Mr.K.Subramhanyam and asked him to show the provision under which he can check the cash, but he could not show ~~the~~ any provision, and stated that the cash was produced on previous occasions, and that he would seek instructions from the Comptroller in the matter. The matter ended there. I am surprised to see that the Comptroller without calling for the facts of the case draws certain inferences without proper grounds and probably on misrepresentations made by the auditor. There was nothing wrong with the cash nor was there any need to shield the Chief Officer. The cash was not produced as the auditor could not show any provision regarding his powers to check the cash. I request that the Comptroller may kindly be personally addressed in the matter and requested to issue definite instructions as regards the powers of the auditors to check the cash.

C O P Y.

SMK.

Appendix F G—1]

SUBJECT (10 copies)

Please file Report both Receipt & issue.

Section G.R.

File No. 363-38

Serial No. 2

Diary No. of letter replied to .....

No. 7(820/

To

The Comptr.

Sir,

General and Revenue Secretariat

( )

the *193* .

Date of issue 3.29.6.39

Signed by

With reference to your letter No. 830/d.A.D 3.29.5.39 I am directed to state that Govt approve of your suggestion to including a specific provision, on the British Indian lines, in the Local Fund Acct. manuals such as the Municipal Account Manual, the Dt. Board Acct Manual, the Local Audit and Inspection Manual etc, and also in the Mysore Civil Acct Code Vol I, a provision to make

List of enclosures .....

Copied by .....

Examined by .....

it is incumbent (1) on the Local Auditor to verify the Cash balances in the offices or institutions inspected by actual examination and Counting of Cash, and (2) on the Heads of offices Concerned to afford the necessary facilities for the purpose.

Necessary Amendments may be issued by You to the several Codes.

Yours etc.

J Coffey

Jt Secy

To the Comptroller & Auditor General
~~Other Heads of Depts~~

Copy to D.S. of Forests:
" Secy Local Govt Dept

16/6.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

General and Revenue Secretariat.

No. M. 8201 / F7 · 363-38-2 *Bangalore, dated* ....27th June 1939.....

FROM

The Secretary to the Government of
His Highness the Maharaja of Mysore.

To Financial Department.

The Comptroller to the Government of Mysore,
Bangalore.

SIR,

With reference to your letter No.830/L.A.D. dated 15th May 1939, I am directed to state that Government approve of your suggestion to including a specific provision, on the British Indian lines, in the Local Fund Account Manuals such as the Municipal Account Manual, the District Board Account Manual, the Local Audit and Inspection Manual etc, and also in the Mysore Civil Account Code Volume I, a provision to make it incumbent (1) on the Local Auditor to verify the cash balances in the offices or institutions inspected by actual examination and counting of cash, and (2) on the Heads of offices concerned to afford the necessary facilities for the purpose. Necessary amendments may be issued by you to the several codes.

I have the honour to be,
Sir,
Your most obedient servant,

C S Aiyar

Financial Secretary to Govt.

nk.10.